

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

2

WS-02676A

Rio Rico Utilities Inc. – Sewer

12725 W. Indian School Rd. Suite D101

Avondale, AZ 85323

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN05	06
-------	----

entered
4-18-07

COMPANY INFORMATION

Company Name (Business Name) Rio Rico Utilities, Inc.

Mailing Address 12725 W. Indian School Rd. Suite D101

(Street)

Avondale

(City)

AZ

(State)

85323

(Zip)

(623) 935-9367

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address Same as above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Peter Kampian

(Name)

Chief Financial Office

(Title)

2845 Bristol Circle

(Street)

Oakville, Ontario

(City)

Canada

(State)

L6H 7H7

(Zip)

(905) 465-4500

Telephone No. (Include Area Code)

(905) 465-4514

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Bob Dodds

General Manager

(Name)

12725 W. Indian School Rd. Suite D101

(Street)

Avondale

(City)

AZ

(State)

85323

(Zip)

(623) 935-9367

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: CT Corporation System

(Name)

3225 N. Central Ave.
(Street)

Phoenix
(City)

AZ
(State)

85201
(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro @ Fennemore Craig

(Name)

3003 North Central Ave, Suite 2600
(Street)

Phoenix
(City)

AZ
(State)

85012-2913
(Zip)

(602) 916-5366

Telephone No. (Include Area Code)

(602) 916-5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☒ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

Rio Rico Utilities Inc. (Sewer)

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			0
354	Structures and Improvements			0
355	Power Generation Equipment			0
360	Collection Sewers - Force	1,147	8	1,139
361	Collection Sewers - Gravity	11,611,292	4,095,147	7,516,144
362	Special Collecting Structures			0
363	Services to Customers	12,716	99	12,618
364	Flow Measuring Devices			0
365	Flow Measuring Installations			0
370	Receiving Wells			0
380	Treatment and Disposal Equip.			0
381	Plant Sewers			0
382	Outfall Sewer Lines			0
389	Other Plant and Misc. Equipment			0
390	Office Furniture and Equipment	864	24	840
391	Transportation Equipment			0
393	Tools, Shop and Garage Equip.			0
394	Laboratory Equipment			0
395	Power Operated Equipment			0
398	Other Tangible Plant			0
	TOTALS	11,626,019	4,095,278	7,530,741

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME**Rio Rico Utilities Inc. (Sewer)****CALCULATION OF DEPRECIATION EXPENSE**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization	-		
352	Franchises	-		
353	Land and Land Rights	-		
354	Structures and Improvements	-		0
355	Power Generation Equipment	-		0
360	Collection Sewers - Force	1,147		8
361	Collection Sewers - Gravity	11,611,292		420,729
362	Special Collecting Structures	-		0
363	Services to Customers	12,716		99
364	Flow Measuring Devices	-		0
365	Flow Measuring Installations	-		0
370	Receiving Wells	-		0
380	Treatment and Disposal Equip.	-		0
381	Plant Sewers	-		0
382	Outfall Sewer Lines	-		0
389	Other Plant and Misc. Equipment	-		0
390	Office Furniture and Equipment	864		24
391	Transportation Equipment	-		0
393	Tools, Shop and Garage Equip.	-		0
394	Laboratory Equipment	-		0
395	Power Operated Equipment	-		0
398	Other Tangible Plant	-		0
	SUBTOTAL	11,626,019		334,547
	CIAC Amortization			(162,449)
	TOTALS	11,626,019		172,098

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME**Rio Rico Utilities Inc. (Sewer)****BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 117,615	\$ 23,666
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	68,186	103,607
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	53,889	938
174	Miscellaneous Current and Accrued Assets	288,857	455,039
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 528,548	\$ 583,250
	FIXED ASSETS		
101	Utility Plant in Service	11,083,920	11,626,019
103	Property Held for Future Use		
105	Construction Work in Progress	436,789	282
108	Accumulated Depreciation - Utility Plant	3,674,418	4,095,278
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 7,846,292	\$ 7,531,023
	TOTAL ASSETS	\$ 8,374,839	\$ 8,114,273

NOTE: Total Assets on this page should equal Total Liabilities and Capital on the following page.

COMPANY NAME**Rio Rico Utilities Inc. (Sewer)****BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 2,797	\$ 48,078
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	8,363	16,828
235	Customer Deposits	39,664	38,910
236	Accrued Taxes		18,353
237	Accrued Interest	919	566
241	Miscellaneous Current and Accrued Liabilities	499,704	547,581
	TOTAL CURRENT LIABILITIES	\$ 551,447	\$ 670,315
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$ 12,745	\$ 15,041
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	5,376,456	5,376,456
272	Less: Amortization of Contributions	1,538,585	1,800,728
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 3,850,616	\$ 3,590,768
	TOTAL LIABILITIES	\$ 4,402,063	\$ 4,261,084
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 0	
211	Other Paid in Capital	2,879,205	2,249,379
215	Retained Earnings	1,093,572	1,603,811
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 3,972,777	\$ 3,853,190
	TOTAL LIABILITIES AND CAPITAL	\$ 8,374,840	\$ 8,114,273

COMPANY NAME

Rio Rico Utilities Inc. (Sewer)**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
521	Flat Rate Revenues	\$ 738,746	\$ 1,607,376
522	Measured Revenues		
536	Other Wastewater Revenues	292,937	8,293
	TOTAL REVENUES	\$ 1,031,683	\$ 1,615,668
	OPERATING EXPENSES		
701	Salaries and Wages		
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	50,258	54,933
716	Fuel for Power Production		
718	Chemicals		2,090
720	Materials and Supplies	15,502	14,242
731	Contractual Services - Professional	175,999	3,862
735	Contractual Services - Testing		31
736	Contractual Services - Other	352,352	357,154
740	Rents	22,134	29,109
750	Transportation Expense	23,961	8,963
755	Insurance Expense	23,541	12,812
765	Regulatory Commission Expense	2,913	16,531
775	Miscellaneous Expense	25,910	12,844
403	Depreciation Expense	182,827	172,098
408	Taxes Other Than Income		
408.11	Property Taxes	39,732	42,021
409	Income Taxes		107,955
	TOTAL OPERATING EXPENSES	\$ 915,130	\$ 834,645
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	5,336	4,149
	TOTAL OTHER INCOME/EXP	\$ (5,336)	\$ (4,149)
	NET INCOME/(LOSS)	\$ 111,217	\$ 776,875

COMPANY NAME Rio Rico Utilities Inc. (Sewer)

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME Rio Rico Utilities Inc. (Sewer)

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Evaporative Ponds
DESIGN CAPACITY OF PLANT (Gallons Per Day)	Villas 12 – 0.050 MGD Villas 13 – 0.050 MGD

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
Lift Station # 1	2	88	725	32,313
Lift Station # 2	2	47	500	9,000
Lift Station # 3	2	47	500	9,000
Lift Station # 4	2	15	175	8,000
Lift Station # 5	2	3	27	1,608

FORCE MAINS

Size	Material	Length (Feet)
4-inch	PVC	3,714
4-inch	DI	120
6-inch	PVC	19,946
6-inch	DI	693

MANHOLES

Type	Quantity
Standard	535
Drop	15

CLEANOUTS

Quantity
132

COMPANY NAME Rio Rico Utilities Inc. (Sewer)

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4	PVC	2,845
6	PVC	3,335
6	AC	7,938
8	PVC	28,583
8	AC	186,156
8	DI	2,232
10	AC	12,298
10	PVC	42
12	AC	14,494
12	DI	60
14	AC	3,060
16	DI	494
18	DI	170

SERVICES

Size (in inches)	Material	Quantity
4	VARIOUS	1556
6	VARIOUS	324
8	PVC	1

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	None
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	None
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	None
STRUCTURES (Buildings, Fences, Etc.)	Wooden Storage Shed (20' X 20')
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Mobile Generator – 150 KW Diesel Powered Diesel Powered 4" Solids Handling Pump

COMPANY NAME Rio Rico Utilities Inc. (Sewer)

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
Jan	1,858	12,692,000	.431
Feb	1,858	11,676,000	.443
Mar	1,881	13,032,000	.476
Apr	1,902	12,461,000	.444
May	1,921	12,993,000	.586
Jun	1,936	12,360,000	.407
Jul	1,945	13,354,000	.432
Aug	1,946	13,636,000	.535
Sep	1,951	13,148,000	.442
Oct	1,962	13,600,000	.450
Nov	1,990	13,507,000	.441
Dec	1,997	13,398,000	.453

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Villas 12 – Evaporative Ponds Villas 13 – Evaporative Ponds
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	Nogales International 42-107, 42-115, 42-916
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	N/A
ADEQ Reuse Permit Number	N/A
EPA NPDES Permit Number	N/A

STATISTICAL INFORMATION

Total number of customers 1,997

Total number of gallons treated 155,857,000 gallons

COMPANY NAME Rio Rico Utilities Inc. (Sewer) YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported Unable to Isolate due to consolidated return filed
Estimated or Actual Federal Tax Liability

State Taxable Income Reported Unable to Isolate due to consolidated return filed
Estimated or Actual State Tax Liability

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Robert Dadds
SIGNATURE

April 13, 2007
DATE

Robert Dadds
PRINTED NAME

President
TITLE

COMPANY NAME Rio Rico Utilities Inc. (Sewer) YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 68,957

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) SANTA CRUZ
NAME (OWNER OR OFFICIAL) TITLE BOB DODDS
COMPANY NAME RIO RICO UTILITIES INC.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

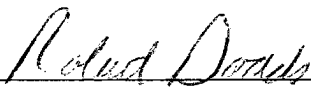
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

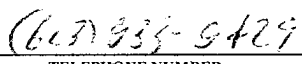
SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL



TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

COUNTY NAME
MONTH 20__

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)	Santa Cruz
NAME (OWNER OR OFFICIAL) TITLE	Bob Dodds V.P.
COMPANY NAME	Rio Rico Utilities Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

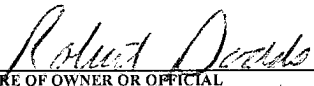
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1,615,668

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
(603) 935-9425

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS **DAY OF**

COUNTY NAME
MONTH, 20__

(SEAL)

MY COMMISSION EXPIRES _____

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Santa Cruz	
NAME (OWNER OR OFFICIAL) Bob Dodds	TITLE VP
COMPANY NAME Rio Rico Utilities Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

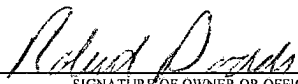
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>1,120,685</u>

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

X 
SIGNATURE OF OWNER OR OFFICIAL
(602) 938-9429
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

X _____
SIGNATURE OF NOTARY PUBLIC